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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Highfields, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Highfields, Inc. (a nonprofit organization), which comprise the statements of financial position as of April 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Highfields, Inc. as of April 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as identified in the table of contents, and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2018 on our consideration of Highfields, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Highfields, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Highfields, Inc.'s internal control over financial reporting and compliance.

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July 18, 2018

HIGHFIELDS, INC.
STATEMENTS OF FINANCIAL POSITION
APRIL 30, 2018 AND 2017

ASSETS	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 390,603	\$ 406,639
Receivables:		
Programs	722,677	646,647
Promises to give	84,568	73,922
Investments	459,087	508,105
Prepaid expenses and other current assets	<u>94,341</u>	<u>64,828</u>
TOTAL CURRENT ASSETS	1,751,276	1,700,141
INVESTMENTS, long-term	530,054	530,054
PROMISES TO GIVE, long-term, net of allowance for doubtful accounts	120,879	71,548
ASSETS HELD AT COMMUNITY FOUNDATIONS	24,468	21,371
PROPERTY AND EQUIPMENT, net of accumulated depreciation	<u>1,874,800</u>	<u>1,872,747</u>
TOTAL ASSETS	<u>\$ 4,301,477</u>	<u>\$ 4,195,861</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 122,408	\$ 85,696
Current portion of long-term debt	53,968	1,009,056
Current portion of capital lease obligations	10,800	10,427
Accrued liabilities	462,347	346,262
Special event deposits	<u>23,901</u>	<u>28,473</u>
TOTAL CURRENT LIABILITIES	673,424	1,479,914
LONG-TERM DEBT, net of current portion	1,101,703	202,883
CAPITAL LEASE OBLIGATIONS, less current portion	<u>25,952</u>	<u>40,255</u>
TOTAL LIABILITIES	<u>1,801,079</u>	<u>1,723,052</u>
NET ASSETS:		
Unrestricted	1,577,908	1,636,925
Unrestricted - designated endowment	<u>24,468</u>	<u>21,371</u>
Total unrestricted	1,602,376	1,658,296
Temporarily restricted	367,968	284,459
Permanently restricted	<u>530,054</u>	<u>530,054</u>
TOTAL NET ASSETS	<u>2,500,398</u>	<u>2,472,809</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,301,477</u>	<u>\$ 4,195,861</u>

See notes to financial statements.

HIGHFIELDS, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED APRIL 30, 2018 AND 2017

	2018				2017			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
REVENUE AND SUPPORT:								
Program services revenue	\$ 8,457,275	\$ -	\$ -	\$ 8,457,275	\$ 8,633,937	\$ -	\$ -	\$ 8,633,937
Contributions and grants	351,777	284,250	-	636,027	189,978	47,250	-	237,228
Realized and unrealized gain on investments	9,549	12,869	-	22,418	17,683	40,028	-	57,711
Interest income - net	1,116	28,663	-	29,779	464	24,882	-	25,346
Miscellaneous income	12,478	-	-	12,478	14,740	-	-	14,740
Gain (loss) on disposal of property and equipment	(9,338)	-	-	(9,338)	938	-	-	938
Net assets released from restrictions	242,273	(242,273)	-	-	153,003	(153,003)	-	-
Total revenue and support	9,065,130	83,509	-	9,148,639	9,010,743	(40,843)	-	8,969,900
EXPENSES:								
Residential services	2,155,103	-	-	2,155,103	2,056,876	-	-	2,056,876
Community services	4,489,569	-	-	4,489,569	4,679,408	-	-	4,679,408
Learning opportunities:								
Ingham Academy/Evening Reporting	938,088	-	-	938,088	921,306	-	-	921,306
21st Century	1,205,685	-	-	1,205,685	1,014,306	-	-	1,014,306
Breakthrough	44,643	-	-	44,643	51,411	-	-	51,411
Development	287,962	-	-	287,962	235,569	-	-	235,569
Total expenses	9,121,050	-	-	9,121,050	8,958,876	-	-	8,958,876
CHANGE IN NET ASSETS	(55,920)	83,509	-	27,589	51,867	(40,843)	-	11,024
NET ASSETS, beginning of year	1,658,296	284,459	530,054	2,472,809	1,606,429	325,302	530,054	2,461,785
NET ASSETS, end of year	\$ 1,602,376	\$ 367,968	\$ 530,054	\$ 2,500,398	\$ 1,658,296	\$ 284,459	\$ 530,054	\$ 2,472,809

See notes to financial statements.

HIGHFIELDS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED APRIL 30, 2018 AND 2017

	2018	2017
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:		
Cash flows from operating activities:		
Change in net assets	\$ 27,589	\$ 11,024
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	188,090	180,647
Change in allowance for doubtful accounts	-	(4,250)
Change in unrealized (gain) loss on investments	11,892	(41,394)
Realized (gain) loss on investments	(34,310)	(16,317)
(Gain) loss on sale of property and equipment	9,338	(938)
Changes in operating assets and liabilities which provided (used) cash:		
Receivables	(136,007)	222,020
Prepaid expenses and other	(29,513)	29,002
Accounts payable	36,712	(18,240)
Accrued liabilities	116,085	(35,217)
Special event deposits	(4,572)	(3,192)
Net cash provided by operating activities	185,304	323,145
Cash flows from investing activities:		
Purchase of property and equipment	(199,481)	(306,980)
Proceeds from disposition of property and equipment	-	938
Sale of investments - net	68,339	35,407
Net cash used by investing activities	(131,142)	(270,635)
Cash flows from financing activities:		
Payments on debt	(56,268)	(71,467)
Payments on capital lease obligations	(13,930)	(11,708)
Net cash used by financing activities	(70,198)	(83,175)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,036)	(30,665)
CASH AND CASH EQUIVALENTS, beginning of year	406,639	437,304
CASH AND CASH EQUIVALENTS, end of year	\$ 390,603	\$ 406,639
SUPPLEMENTAL NON CASH DISCLOSURES:		
Property acquired with capital lease	\$ -	\$ 62,390

See notes to financial statements.

HIGHFIELDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents - The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash and cash equivalents. Amounts recorded as money market funds on deposit for investment purposes are not considered cash equivalents.

Receivables - Receivables are stated at invoice amounts and include programs and contributions receivable. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. An allowance for doubtful accounts is established on an aggregate basis. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management has determined an allowance for doubtful accounts is not deemed necessary based on past experience.

Investments - Mutual funds maintained by the Organization are stated at fair value as determined by quoted market prices. The cash value of a life insurance policy to which the Organization is the beneficiary is recorded at its net cash surrender value.

Property and equipment - Property and equipment acquired by purchase greater than \$1,000, are capitalized and stated at cost. Property and equipment acquired by donation are valued at the estimated fair market value at the time of donation. Depreciation has been charged to operations using the straight-line method over the estimated useful lives of the assets (which range from 3 to 40 years). Costs of maintenance and repairs are charged to expense when incurred.

Promises to give - Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions with donor-imposed time or purpose restrictions are reported as restricted support. Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as unrestricted support. Management has determined an allowance for doubtful accounts is not deemed necessary based on past experience.

Classification of net assets - Net assets of the Organization are classified as unrestricted, temporarily restricted, or permanently restricted depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

HIGHFIELDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Highfields Endowment Fund - The Highfields Endowment Fund represents contributions directed by donors. The Fund was created in 1984 to ensure the Organization's capacity to continue helping children, young people, and families in need. The trustees of the Fund are appointed by the Organization's Board of Directors. Principal and interest on board-designated assets may be used for purposes determined by the trustees of the fund, principal upon a two-thirds vote of the trustees, and income upon a majority vote of the trustees.

Permanently restricted net assets - A split-interest agreement existed for which the terms of the contract required the Organization to invest amounts received and distribute a set amount to the designated beneficiary. Upon the death of the beneficiary, the principal remaining under the contract was permanently restricted to the funding of scholarships through the establishment of the John Hough Aldinger, Jr. Scholarship Fund. The Organization also received a gift from the Carl and Rhea Bradford Trust to establish a permanently restricted endowment fund to be used for the elementary school attendance advocacy program.

Functional allocation of expenses - The costs of providing program and support services have been reported on a functional basis in the statement of activities. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different amounts.

Tax status - The Organization is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code; accordingly, no tax provision is reflected in the financial statements.

NOTE 2 - NATURE OF THE ORGANIZATION, RISKS AND UNCERTAINTIES

Highfields, Inc. (the "Organization") provides family counseling, youth counseling, and educational counseling to youths, families, and communities throughout mid-Michigan through the following programs:

Community services:

- Health insurances
- Outreach Counseling
- Family Reunification Program
- Families Together Building Solutions
- Wraparound
- Family Preservation Services
- Case Management
- Home-Based Mental Services

HIGHFIELDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - NATURE OF THE ORGANIZATION, RISKS AND UNCERTAINTIES (Concluded)

Residential services:

- Phoenix
- Stabilization
- Malcolm Williams School

Learning opportunities:

- Ingham Academy/Evening Reporting
- 21st Century
- Breakthrough

The Organization's revenue and receivables are from a variety of purchasers, including the Michigan Department of Health and Human Services (MDHHS), Lifeways-CMH, CEI-CMH, Lenawee County Mental Health Authority, 11 County DHHS offices, and Ingham County Family Court. In addition, a significant portion of the Organization's pledges are receivable primarily from citizens residing in Michigan.

The Organization evaluates events and transactions that occur after year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through July 18, 2018, which is the date the financial statements were available to be issued.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

In the preparation of tax returns, tax positions are taken based on interpretation of federal, state and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, state and local tax returns generally remain open for examination by the various taxing authorities for a period of 3 to 4 years.

HIGHFIELDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS/FAIR VALUE REPORTING

Investments consist of the following at April 30:

	2018	2017
Investments - current	\$ 459,087	\$ 508,105
Investments - long-term	530,054	530,054
	989,141	1,038,159
Beneficial interest in assets held at Community Foundations	24,468	21,371
	\$ 1,013,609	\$ 1,059,530

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: Quoted prices in active markets for identical securities.

- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.

- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Organization's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at April 30, 2018 and 2017.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Beneficial interest in assets held at Community Foundations: Valued by the Foundations as the Organization's portion of the total fair values of the underlying securities held by the Foundations.

HIGHFIELDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS/FAIR VALUE REPORTING (Continued)

The following is a market value summary by the level of the inputs used, as of April 30, 2018 and 2017, in evaluating the Organization's assets carried as fair value. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities.

Description	Level 1: Quoted prices in active markets for identical assets	Level 2: Significant other observable inputs	Level 3: Significant unobservable inputs	Total April 30, 2018
Mutual funds:				
Large cap	\$ 325,265	\$ -	\$ -	\$ 325,265
Mid cap	55,971	-	-	55,971
Small cap	29,705	-	-	29,705
Short term taxable fixed income	47,425	-	-	47,425
Intermediate taxable fixed income	179,799	-	-	179,799
Emerging market debt	29,435	-	-	29,435
Multi class	311,936	-	-	311,936
Cash alternatives	5,556	-	-	5,556
Total mutual funds	985,092	-	-	985,092
Beneficial interest in assets held at Community Foundations	-	24,468	-	24,468
Total	\$ 985,092	\$ 24,468	\$ -	1,009,560
Cash surrender value - life insurance policy				4,049
Total investments				\$ 1,013,609

HIGHFIELDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS/FAIR VALUE REPORTING (Concluded)

Description	<u>Level 1:</u> Quoted prices in active markets for identical assets	<u>Level 2:</u> Significant other observable inputs	<u>Level 3:</u> Significant unobservable inputs	Total April 30, 2017
Mutual funds:				
Large cap	\$ 349,211	\$ -	\$ -	\$ 349,211
Mid cap	64,171	-	-	64,171
Small cap	30,507	-	-	30,507
Short term taxable fixed income	71,768	-	-	71,768
Intermediate taxable fixed income	185,828	-	-	185,828
Emerging market debt	31,721	-	-	31,721
Multi class	264,959	-	-	264,959
Cash alternatives	36,257	-	-	36,257
Total mutual funds	1,034,422	-	-	1,034,422
Beneficial interest in assets held at Community Foundations	-	21,371	-	21,371
Total	<u>\$ 1,034,422</u>	<u>\$ 21,371</u>	<u>\$ -</u>	1,055,793
Cash surrender value - life insurance policy				<u>3,737</u>
Total investments				<u>\$ 1,059,530</u>

See Note 14 for a summary of changes in fair value of the beneficial interest.

NOTE 4 - PROMISES TO GIVE

Unconditional promises to give consist of the following at April 30:

	<u>2018</u>	<u>2017</u>
Unconditional promises to give before unamortized discounts and allowance for uncollectibles	\$ 221,188	\$ 157,658
Less unamortized discount	(15,741)	(12,188)
Net unconditional promises to give	205,447	145,470
Less current portion	(84,568)	(73,922)
	<u>\$ 120,879</u>	<u>\$ 71,548</u>
Amounts due in:		
Less than one year	\$ 84,568	\$ 73,922
One to five years	120,879	71,548
Total	<u>\$ 205,447</u>	<u>\$ 145,470</u>

Discount rate was 4% in 2018 and 2017.

HIGHFIELDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at April 30:

	<u>2018</u>	<u>2017</u>
Land	\$ 213,164	\$ 212,438
Land improvements	530,053	530,053
Buildings and improvements	3,834,066	3,770,441
Machinery and other equipment	572,098	1,278,042
Transportation equipment	<u>127,970</u>	<u>133,073</u>
Total cost	5,277,351	5,924,047
Less accumulated depreciation	<u>(3,402,551)</u>	<u>(4,051,300)</u>
Net carrying amount	<u>\$ 1,874,800</u>	<u>\$ 1,872,747</u>

Depreciation expense for the years ended April 30, 2018 and 2017 was \$188,090 and \$180,647, respectively.

NOTE 6 - BANK LINE OF CREDIT

The Organization entered into a revolving line of credit payable to a bank, collateralized by substantially all assets including the real estate of the Organization, and bearing interest at a variable rate based on prime. At April 30, 2018 and 2017, the Organization has available a line of credit of \$600,000. At April 30, 2018 and 2017, the balance of the line of credit was \$0 with a variable interest rate of 1.0% above prime with a minimum rate of 5.25% and 5.0%, as of April 30, 2018 and 2017, respectively, with a maturity of November 2, 2018.

HIGHFIELDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM DEBT

Long-term debt at April 30 is as follows:

	<u>2018</u>	<u>2017</u>
Note payable to bank, collateralized by the real estate of the Organization, bearing interest at a fixed rate of 5.25%, payments are due monthly, renewed through November 2, 2022 (note due August 13, 2017 was renewed).	\$ 814,841	\$ 843,858
Note payable to bank, collateralized by the real estate of the Organization, bearing interest at a fixed rate of 5.25%, payments are due monthly, renewed through November 2, 2022 (note due December 13, 2017 was renewed).	137,274	156,897
Note payable to bank, collateralized by the real estate of the Organization, bearing interest at a fixed rate of 5.25%, payments are due monthly, through August 5, 2019.	<u>203,556</u>	<u>211,184</u>
	1,155,671	1,211,939
Less current portion	<u>(53,968)</u>	<u>(1,009,056)</u>
Long-term portion	<u><u>\$ 1,101,703</u></u>	<u><u>\$ 202,883</u></u>

Both the interest expense and amounts paid for interest totaled \$66,422 for 2018 and \$67,320 for 2017.

Note maturities are summarized as follows:

<u>Years ending April 30</u>	<u>Amount</u>
2019	\$ 53,968
2020	243,520
2021	50,787
2022	53,518
2023	<u>753,878</u>
Total	<u><u>\$ 1,155,671</u></u>

NOTE 8 - CAPITAL LEASES

During 2017, the Organization began leasing three vehicles under capital leases with a combined capitalized cost of \$62,390. Accumulated depreciation in the statement of financial position included \$27,069 relating to these leased vehicles. Depreciation expense reported in the statement of activities includes \$15,300 for the vehicles under capital lease. The leases include a bargain purchase option at the end of the lease terms.

HIGHFIELDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - CAPITAL LEASES (Concluded)

The following is a schedule of future minimum payments required under the leases:

Year ending April 30:	
2019	\$ 14,762
2020	18,265
2021	<u>10,163</u>
Total minimum lease payments	43,190
Less amount representing interest	<u>6,438</u>
Present value of minimum lease payments	<u>\$ 36,752</u>
Capital lease obligations, current portion	\$ 10,800
Long-term portion	<u>25,952</u>
	<u>\$ 36,752</u>

NOTE 9 - OPERATING LEASE

The Organization leases office space in Hillsdale, expiring in July 2017, and includes monthly payments of \$700. The Organization has renewed the lease, which expires in July 2019, and includes monthly payments of \$725. Lease expense for the office space in Hillsdale was \$8,675 and \$8,400 for the years ended April 30, 2018 and 2017, respectively.

Minimum future lease payments are as follows:

Year ending April 30,	
<u>2019</u>	\$ 8,700
2020	<u>1,450</u>
	<u>\$ 10,150</u>

NOTE 10 - RETIREMENT PLAN

The Organization sponsors a 401(k) plan covering all employees who meet certain age and service requirements. The plan provides for employee elected deferred compensation, an optional profit sharing contribution and an optional safe harbor matching provision. The Organization's contribution to the plan is discretionary. Contributions for the years ended April 30, 2018 and 2017 were \$78,748 and \$79,259, respectively.

HIGHFIELDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - LETTER OF CREDIT

At April 30, 2018 and 2017, Highfields, Inc. has an outstanding letter of credit totaling \$229,764 and \$223,131, respectively, to satisfy requirements of the State of Michigan in conjunction with being self-insured for unemployment claims. As of April 30, 2018 and 2017, the Organization did not have an outstanding balance due on the letter of credit. The letter of credit matures in December 2018 and is collateralized by accounts receivable, investments, equipment, and other business assets.

NOTE 12 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at April 30 are restricted for the following:

	2018	2017
Dart Foundation	\$ 75,000	\$ 50,000
Granger Foundation	100,000	-
John H. Aldinger, Jr. Scholarship Fund	49,341	56,711
Carl and Rhea Bradford Trust	34,131	78,541
Benevon	105,447	95,470
Cash surrender value - life insurance policy (time restriction)	4,049	3,737
Total temporarily restricted net assets	\$ 367,968	\$ 284,459

Temporarily restricted net assets released from restrictions totaled:

	2018	2017
Dart Foundation	\$ 50,000	\$ 50,000
Granger Foundation	50,000	-
Benevon	49,273	46,250
John H. Aldinger, Jr. Scholarship Fund	19,000	15,753
Carl and Rhea Bradford Trust	74,000	41,000
	\$ 242,273	\$ 153,003

Granger Foundation - Represents a pledge made by the Granger Foundation to assist in funding a Trauma Informed Campus Design.

Dart Foundation - Represents a match made by the Dart Foundation to be used for future matching of the annual Strengthening Families breakfast.

John H. Aldinger, Jr. Scholarship Fund - Represents interest earned on permanently restricted net assets for the funding of scholarships.

HIGHFIELDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - TEMPORARILY RESTRICTED NET ASSETS (Concluded)

Carl and Rhea Bradford Trust - Represents interest earned on permanently restricted net assets for the funding of Elementary School Attendance Advocacy Programs or similar programs aimed directly at keeping children in school. These programs include Ingham County Family Center; after school learning centers; programs that increase student achievement academically and behaviorally; programs that include parental education to assist their children attend and advance their education; programs that ensure students are adequately equipped and prepared with supplies, lunch boxes, meal plans, etc.; and programs that reduce factors contributing to school truancy including partnerships with school districts or courts.

Benevon - Represents pledges made for future operations.

NOTE 13 - FUNCTIONAL EXPENSES

The Organization provides family counseling, youth counseling, and educational counseling to youths, families, and communities within its geographic locations. Expenses relating to providing these services are as follows:

	2018	2017
Program services	\$ 7,760,453	\$ 7,557,181
General and administrative	1,158,359	1,202,567
Fundraising	202,238	199,128
Total expenses	\$ 9,121,050	\$ 8,958,876

NOTE 14 - ASSETS HELD AT COMMUNITY FOUNDATIONS

The Organization established endowments at the Capital Region Community Foundation (CRCF) and the Jackson Community Foundation (JCF) and named itself as the beneficiary. These amounts in addition to net earnings are presented on the statement of financial position as, "Assets Held at Community Foundations", in the amount of \$24,468 and \$21,371 as of April 30, 2018 and 2017, respectively. Although these amounts have been recorded as assets, the Organization has granted variance power to CRCF and JCF. Distributions from the endowment will be made annually to the Organization according to the spending guidelines established by the Board of Trustees of the CRCF and JCF. The CRCF and JCF have received contributions from other third party donors which the Organization is precluded from recognizing. The fair market value of the entire endowments at CRCF and JCF as of April 30, 2018 and 2017, including the amounts above, are \$89,333 and \$84,791, respectively.

HIGHFIELDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 14 - ASSETS HELD AT COMMUNITY FOUNDATIONS (Concluded)

Changes in the Organization's beneficial interest for the years ended April 30 are as follows:

	2018	2017
Beneficial interest, beginning of year	\$ 21,371	\$ 19,941
Change in value of beneficial interest:		
Investment income	3,894	2,212
Investment fees	(797)	(782)
	3,097	1,430
Beneficial interest, end of year	\$ 24,468	\$ 21,371

NOTE 15 - ENDOWMENTS

The Organization's endowment consists of donor-restricted funds established for funding scholarships and programs aimed directly at keeping children in school and funds designated by the board of directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization has interpreted the Uniform Management of Institutional Funds Act (UMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. No such stipulations currently exist. In September 2009 Michigan adopted the Uniform Prudent Management of Institutional Funds Act. The Organization adopted a policy to continue to preserve capital.

As a result, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with direction of applicable donor instruments.

Investment earnings from donor-restricted endowment funds are classified as unrestricted income absent explicit donor stipulations to the contrary. In the event that the fair value of the donor-restricted endowment funds fall below the level required to be maintained by perpetuity, the resulting deficiency is recorded as a reduction of unrestricted net assets.

HIGHFIELDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 15 - ENDOWMENTS (Continued)

Return Objectives and Risk Parameters

The Organization has adapted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programmatic activities. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity and funds designated by the board of directors. Under this policy, the endowment assets are invested in a manner that is intended to assume a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both current yield (interest and dividends) and capital appreciation (realized and unrealized). The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The Organization has established an annual maximum spending policy of the lesser of 5% of the fair market value of the fund at the close of the previous fiscal year or appreciated value by the fund during the preceding calendar year. In establishing this policy, the Organization considered the long-term expected return on its investments. Accordingly, the Organization expects the current spending policy to allow its net assets to grow annually. This is consistent with the Organization's objective to maintain the purchasing power of the investments and net assets, as well as to provide additional real growth through investment return.

The following is a summary of endowment fund activity:

	Unrestricted	Temporarily restricted	Permanently restricted
Endowment net assets, May 1, 2016	\$ 376,340	\$ 130,832	\$ 530,054
Investment return	14,147	61,173	-
Amounts appropriated for expenditure	-	(56,753)	-
Endowment net assets, April 30, 2017	390,487	135,252	530,054
Investment return	4,792	41,220	-
Amounts appropriated for expenditure	-	(93,000)	-
Endowment net assets, April 30, 2018	<u>\$ 395,279</u>	<u>\$ 83,472</u>	<u>\$ 530,054</u>
Balance at April 30, 2018:			
John H. Aldinger Jr. Scholarship Fund	\$ 12,215	\$ 49,341	\$ 142,222
Carl and Rhea Bradford Trust	38,146	34,131	387,832
Assets held at community foundations	24,468	-	-
General endowment	320,450	-	-
Total Endowment	<u>\$ 395,279</u>	<u>\$ 83,472</u>	<u>\$ 530,054</u>

HIGHFIELDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 15 - ENDOWMENTS (Concluded)

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>
Balance at April 30, 2017:			
John H. Aldinger Jr. Scholarship Fund	\$ 12,215	\$ 56,711	\$ 142,222
Carl and Rhea Bradford Trust	38,146	78,541	387,832
Assets held at community foundations	21,371	-	-
General endowment	318,755	-	-
Total Endowment	<u>\$ 390,487</u>	<u>\$ 135,252</u>	<u>\$ 530,054</u>

SUPPLEMENTARY INFORMATION

HIGHFIELDS, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED APRIL 30, 2018
(with comparative totals for the year ended April 30, 2017)

	Program services				
	Residential services	Ingham Academy / Evening Reporting	Breakthrough	21st Century	Community services
Salaries	\$ 1,219,596	\$ 581,563	\$ 18,621	\$ 686,194	\$ 2,639,550
Employee benefits	103,919	83,317	(158)	12,366	366,697
Payroll taxes	109,982	47,285	1,475	53,566	205,837
Total salaries and related expenses	1,433,497	712,165	19,938	752,126	3,212,084
Professional fees	24,460	1,247	193	158,305	40,861
Supplies	117,493	14,601	3,992	1,142	26,947
Telephone	20,834	461	108	10,441	45,733
Postage and shipping	1,443	-	-	-	1,697
Occupancy	152,116	-	9,826	-	84,857
Special events	-	-	-	-	-
Outside printing	909	-	-	-	111
Local transportation	28,273	49,400	95	125,886	293,926
Conferences, conventions, and major travel	12,346	11,829	-	15,264	34,465
Subscriptions and reference publications	-	-	-	-	-
Specific assistance	27,468	4,240	-	36	51,100
Membership dues	650	-	-	-	540
Equipment	12,330	13,078	-	-	2,283
Miscellaneous	527	10,074	-	104	1,102
Depreciation	97,796	-	4,075	-	25,097
Bad debt expense	152	-	-	-	51,003
Interest	16,965	-	2,262	-	20,500
Total expenses before overhead allocation	1,947,259	817,095	40,489	1,063,304	3,892,306
Overhead allocation	207,844	120,993	4,154	142,381	597,263
Total functional expenses	<u>\$ 2,155,103</u>	<u>\$ 938,088</u>	<u>\$ 44,643</u>	<u>\$ 1,205,685</u>	<u>\$ 4,489,569</u>

<u>Program services</u>		<u>Support services</u>		<u>Total expenses</u>	
<u>Total</u>	<u>Development</u>	<u>Administration</u>	<u>Total</u>	<u>2018</u>	<u>2017</u>
\$ 5,145,524	\$ 119,223	\$ 623,464	\$ 742,687	\$ 5,888,211	\$ 5,755,933
566,141	15,515	78,677	94,192	660,333	725,563
418,145	8,868	45,772	54,640	472,785	469,236
6,129,810	143,606	747,913	891,519	7,021,329	6,950,732
225,066	1,000	89,735	90,735	315,801	277,241
164,175	3,532	22,456	25,988	190,163	170,979
77,577	1,500	19,638	21,138	98,715	85,595
3,140	2,632	4,198	6,830	9,970	9,187
246,799	-	50,709	50,709	297,508	311,722
-	41,524	-	41,524	41,524	35,484
1,020	1,861	1,188	3,049	4,069	5,126
497,580	2,028	20,442	22,470	520,050	511,863
73,904	2,916	20,918	23,834	97,738	81,723
-	334	412	746	746	1,280
82,844	-	-	-	82,844	90,568
1,190	-	19,399	19,399	20,589	24,186
27,691	174	11,730	11,904	39,595	53,581
11,807	-	62,935	62,935	74,742	83,090
126,968	-	61,122	61,122	188,090	180,647
51,155	-	-	-	51,155	18,552
39,727	1,131	25,564	26,695	66,422	67,320
7,760,453	202,238	1,158,359	1,360,597	9,121,050	8,958,876
1,072,635	85,724	(1,158,359)	(1,072,635)	-	-
<u>\$ 8,833,088</u>	<u>\$ 287,962</u>	<u>\$ -</u>	<u>\$ 287,962</u>	<u>\$ 9,121,050</u>	<u>\$ 8,958,876</u>

HIGHFIELDS, INC.
SCHEDULE OF PAID DAYS CARE
YEARS ENDED APRIL 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Residential care:		
May	676	739
June	670	669
July	701	666
August	705	620
September	583	461
October	572	543
November	616	558
December	718	675
January	729	720
February	662	657
March	709	683
April	<u>711</u>	<u>593</u>
Total	<u><u>8,052</u></u>	<u><u>7,584</u></u>

HIGHFIELDS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED APRIL 30, 2018

Federal Agency/Pass-through Agency/Program Title	Federal CFDA Number	Pass Through Grantor Number	Award Amount	Federal Expenditures
U.S. Department of Agriculture:				
Passed through the Michigan Department of Education:				
Child Nutrition Cluster:				
Cash Assistance:				
School Breakfast Program	10.553	171970	\$ 6,574	\$ 6,574
School Breakfast Program	10.553	181970	9,129	9,129
Total School Breakfast Program	10.553		<u>15,703</u>	<u>15,703</u>
National School Lunch Program	10.555	171960	10,248	10,248
National School Lunch Program	10.555	171980	2,011	2,011
National School Lunch Program	10.555	181960	14,253	14,253
National School Lunch Program	10.555	181980	2,468	2,468
Total National School Lunch Program	10.555		<u>28,980</u>	<u>28,980</u>
Total Child Nutrition Cluster			<u>44,683</u>	<u>44,683</u>
Child and Adult Care Food Program	10.558	172010	275	275
Child and Adult Care Food Program	10.558	171920	4,815	4,815
Total Child and Adult Care Food Program	10.558		<u>5,090</u>	<u>5,090</u>
Total U.S Department of Agriculture			<u>\$ 49,773</u>	<u>49,773</u>
U.S. Department of Education:				
Passed through Michigan Department of Education:				
Twenty-first Century Community Learning Centers	84.287	172110/G12031	\$ 270,000	56,989
Twenty-first Century Community Learning Centers	84.287	172110/I14001	675,000	154,088
Twenty-first Century Community Learning Centers	84.287	182110/J17005	540,000	408,870
Twenty-first Century Community Learning Centers	84.287	182110/I14001	675,000	542,662
Total Twenty-first Century Community Learning Centers	84.287		<u>\$ 2,160,000</u>	<u>1,162,609</u>
Total expenditures of federal awards				<u>\$ 1,212,382</u>

The accompanying notes are an integral part of this schedule.

HIGHFIELDS, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED APRIL 30, 2018

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Highfields, Inc. under programs of the federal government for the year ended April 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Highfields, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Highfields, Inc.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. Highfields, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS

The following summary reconciles total federal awards with the audited financial statements for the year ended April 30, 2018:

Total federal expenses per the schedule of expenditures of federal awards	\$ 1,212,382
Add non-federal grant expenses contained in the audited financial statements	<u>7,244,893</u>
Total program services revenue per audited financial statements	<u><u>\$ 8,457,275</u></u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Highfields, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Highfields, Inc., which comprise the statement of financial position as of April 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 18, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Highfields, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Highfields, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Highfields, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Highfields, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Manes Costeiran PC

July 18, 2018

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Highfields, Inc.

Report on Compliance for Each Major Federal Program

We have audited Highfields, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Highfields, Inc.'s major federal programs for the year ended April 30, 2018. Highfields, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Highfields, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Highfields, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Highfields, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Highfields, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2018.

Report on Internal Control over Compliance

Management of Highfields, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Highfields, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Highfields, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maney Costeiran PC

July 18, 2018

HIGHFIELDS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED APRIL 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

➤ Material weakness(es) identified? _____ Yes X No

➤ Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

➤ Material weakness(es) identified? _____ Yes X No

➤ Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported with Title 2 CFR Section 200.516(a)? _____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.287	Twenty-first Century Community Learning Centers

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

HIGHFIELDS, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED APRIL 30, 2018

There were no prior year findings.